

STATE OF WISCONSIN SAFE DRINKING WATER LOAN PROGRAM
INTENDED USE PLAN
Covering Funding During SFY 2005 and
For Receipt of the EPA FFY 2004 Capitalization Grant

I. INTRODUCTION

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law on August 6, 1996. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish the Drinking Water State Revolving Fund (DWSRF) program. The DWSRF was established to assist public water systems with financing the costs of infrastructure needed to achieve and maintain compliance with the requirements of the SDWA and to protect public health.

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) which identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the Act. This document and its attachments comprise the State of Wisconsin Intended Use Plan for Federal Fiscal Year (FFY) 2004 DWSRF Capitalization Grant funds. Assurances and specific proposals for meeting Federal requirements are provided in the Operating Agreement between the State and EPA Region 5. The IUP is part of Wisconsin's capitalization grant application package for FFY 2004 funds.

II. DESCRIPTION OF THE INTENDED USE PLAN

This IUP provides a description of the short- and long-term goals of the Safe Drinking Water Loan Program (SDWLP), including how the uses of the various set-aside accounts contribute to reaching those goals. It includes the criteria and methods established for the distribution of funds, details on the activities which are being funded from the set-aside accounts, and the financial status of the fund. Attachments to the IUP include the list of projects that applied for funding for State Fiscal Year (SFY) 2005. The list of all projects with valid Intent to Apply forms in priority order was published in *Loan Interests* #133, in March 2004.

III. DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM

The SDWLP operates as a direct loan program, similar to the Federal SRF which comprises a portion of the Clean Water Fund Program. Proceeds from general obligation bonds issued by the State provide the state match (equal to 20% of the capitalization grant). The program is jointly administered by the Department of Natural Resources (DNR) and the Department of Administration (DOA) as a program under the Environmental Improvement Fund (EIF).

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., the SDWLP may provide the following types of assistance:

- 1) Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project located within the State and the debt obligation was incurred after July 1, 1993.
- 2) Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest rates applicable to the obligation.
- 3) Make loans below the market interest rate.

The SDWLP offers loans at a subsidized interest rate of 55% of the State's market rate. Loans to disadvantaged communities are at 33% of the State's market rate. The State's market rate is the effective interest rate, as determined by DOA, of a revenue obligation issued by the State to fund loans under the EIF. The current market rate for the EIF is 4.300%. SDWLP loans must mature no more than 20 years from the date of the first loan disbursement to the community. Interest payments are required semi-annually on May 1st and November 1st while principal payments are required annually on May 1st.

A local governmental unit may receive financial assistance for projects with the following purposes:

- 1) Address SDWA health standards that have been exceeded or to prevent future violations of health standards and regulations contained in ch. NR 809, Wis. Adm. Code. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects and regulations for contaminants with chronic health effects.

- 2) Replace infrastructure if necessary to maintain compliance or further the public health protection goals of the SDWA. This includes projects with any of the following purposes:
 - a. To rehabilitate or develop sources, excluding reservoirs, dams, dam rehabilitation and water rights, to replace contaminated sources;
 - b. To install or upgrade treatment facilities if, in the department's opinion, the project would improve the quality of drinking water to comply with primary or secondary drinking water standards;
 - c. To install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the public water system;
 - d. To install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
- 3) Consolidate existing community water systems that have technical, financial or managerial difficulties. Projects for consolidating existing systems shall be limited in scope to the service area of the systems being consolidated.
- 4) Purchase a portion of another public water system's capacity if it is the most cost effective solution.
- 5) Restructure a public water system that is in noncompliance with the SDWA requirements or lacks the technical, managerial and financial capability to maintain the system if the assistance will ensure that the system will return to and maintain compliance with the SDWA requirements.
- 6) Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks caused by unsafe drinking water provided by individual wells or surface water sources. Projects to address existing public health problems associated with individual wells or surface water sources shall be limited in scope to the specific geographic area affected by contamination. These would include projects where the MCL for microbiological, nitrate/nitrite or a chronic contaminant is exceeded by 50% or more of the individual wells or surface water sources within the affected area.

IV. SHORT- AND LONG-TERM GOALS

A. Short-Term Goals:

- Direct funds to the State's most urgent SDWA compliance and public health needs;
- Develop strategies, programs, and mechanisms to ensure, improve and evaluate the ability of public water systems to provide safe drinking water;
- Develop effective partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- Initiate efficient delineation and assessment of public water supply source water areas;
- Implement Wisconsin's Source Water Assessment Program Plan.

B. Long-Term Goals:

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements;
- Protect the public health and environmental quality of the State;
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity;
- Provide economic assistance, in the form of reduced interest rate loans, to public water supply systems for the purposes of installing the necessary infrastructure to provide an adequate quantity of safe drinking water;
- Evaluate the progress of state programs and strategies in improving the ability of public water systems to provide safe drinking water;
- Maintain a program for ensuring that all public water systems are operated properly;
- Use source water area assessments as a basis for protecting public water supplies.

V. FINANCIAL STATUS OF DWSRF

Funds available during SFY 2005 and their intended uses include the following:

| | |
|----------------------------------|---------------------|
| FFY 2004 Capitalization Grant | \$16,442,800 |
| State Match | \$3,320,000 |
| Other Funds Available in the SRF | <u>\$26,570,937</u> |
| Total Amount for SFY 2005 | \$46,333,737 |

| | |
|----------------------------|--------------------|
| Set-aside Amounts: | |
| Administration | \$657,712 |
| Wellhead Protection | \$430,000 |
| Technical Assistance | \$328,856 |
| Capacity Development | \$0 |
| Operator Certification | \$0 |
| State Program Mgmt. | <u>\$1,644,280</u> |
| Total Amount of Set-asides | \$3,060,848 |
| | |
| Loan Fund | \$43,272,889 |

Notice of Intent to Apply (ITA) forms for SFY 2005 funding were due by December 31, 2003. The project priority list for SFY 2005 funding totals \$175,921,590 for 92 projects. Applications for SFY 2005 funds were due by April 30, 2004. The DNR received 21 applications totaling \$65,015,053 in project needs. The project priority list of all projects with a valid ITA form was published in *Loan Interests* #133, in March 2004. A list that shows all applicants who met the April 30th deadline is attached to this IUP. Funds not used during SFY 2005 will be added to the SFY 2006 or 2007 funding list.

VI. TRANSFER OF FUNDS FROM CWSRF TO DWSRF

The State transferred a total of \$23,596,056 in funds from the Clean Water Fund Program to the SDWLP prior to FFY 2002. Federal regulations allowed a transfer of up to 33% of the Drinking Water Capitalization Grants.

The increases to the SDWLP resulting from these transfers did not immediately result in an increase in loan funds available. Due to Federal regulations (8 Quarter Rule) that restrict the rate at which monies can be disbursed for project construction costs incurred prior to loan closing, the transferred monies were first being used to fund projects with such costs, whether the costs were paid with internal municipal funds or funds from an interim debt issue. Without the availability of the transferred funds, these projects would have been forced to receive their loan funds over a period of up to eight calendar quarters. For projects that paid construction costs with proceeds from an interim debt, IRS refinancing regulations would require a separate loan closing in each quarter which would have significantly increased the cost to the communities. For projects that paid constructions costs with money from their internal funds, the 8 Quarter Rule would have greatly delayed the recovery of municipal funds advanced that may be needed for other municipal purposes. Accordingly, the application of the transferred funds was first to allow timely and complete refinancing or reimbursement of project costs incurred prior to the loan closing and, after that, to increase loan funds available in the program.

During SFY 2005, in addition to the capitalization grant and state match, the State will be adding \$26,570,937 in other funds that are available in the SRF. Of this amount, \$18,194,010 is from transferred funds. The remainder of the additional funds is from loan repayments and investment earnings.

VII. METHOD AND CRITERIA FOR DISTRIBUTION OF FUNDS

The purpose of the priority scoring criteria is to establish a list of eligible projects to be funded in a manner that is in accordance with the Federal requirements of the 1996 SDWA reauthorization. The act requires, to the maximum extent practicable, that priority ranking be given to projects that: 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to state affordability criteria.

Wisconsin's priority scoring and ranking criteria gives first priority to acute public health risks, particularly those related to microbiological organisms, and second priority to situations that pose chronic and longer-term health risks to consumers, such as organic chemical contamination. The scoring criteria also considers issues that are related to infrastructure upgrading or replacement, to address those projects (or portions of a project) that are eligible for funding but not included in the first two sections.

Projects will be granted additional points if the project is associated with a system considered most in need of financial assistance on a per household basis. A public water system must have a population less than 10,000 and a median household income less than or equal to 80% of the State's median household income to qualify for any points related to financial need.

The DNR will maintain a project priority list that ranks the projects for which a priority score has been determined. The projects will be ranked in order of descending priority with the highest ranked project first. In case of two or more projects having the same priority score, the project serving the largest population shall have highest priority. An annual funding list will be developed consisting of all projects that submit complete applications by the April 30, 2004 application deadline. Projects will be listed on the funding list in priority order. The fundable range will be established in priority order, except when ranking projects in priority order does not result in at least 15% of the funds being allocated to small systems serving less than 10,000 people. In this case, systems serving less than 10,000 people will be given priority until the 15% funding allocation requirement is met.

Once the fundable range of the funding list has been established, loans may be made to any project in that range in any order. Projects on the funding list may be removed from the funding list, upon written notice by the department, if any of the following situations occur:

- a) requirements of s. NR 166.10, Wis. Adm. Code, are not met;
- b) a project is canceled or the funding request is withdrawn by the applicant;
- c) the DNR determines that the applicant is unable to proceed with construction of the project in the fiscal year in which funds are requested;
- d) the project failed to meet the engineering review requirements or does not have DNR approval;
- e) the applicant has reached the 25% biennial present value subsidy cap, (in any biennium, no local governmental unit may receive more than 25% of the present value subsidy approved for that biennium);
- f) the DOA is not satisfied that the local governmental unit has the financial capacity, as described in ch. Adm 35, Wis. Adm. Code, to assure sufficient revenues to operate and maintain the project for its useful life and to pay the debt service on the obligations it issues for the project;
- g) Federal or State refinancing or reimbursement restrictions prevent funding.

VIII. SET-ASIDE ACTIVITIES

1) Source Water Assessment Program (SWAP)

A. Background on Funding and Timeline

The State of Wisconsin's FFY 1997 Capitalization Grant funds totaled \$41,546,400. Of this amount, up to 15% was available to be used on SDWA Sec. 1452(k) activities. A maximum of 10% could go to any one activity, such as source water area delineations and assessments. Due to the one-time availability (FFY 1997 only) of funding for source water area delineations and assessments, the State set aside the entire \$4,154,640 (10%). There is no additional state match requirement tied to this money.

In November 1999, EPA approved Wisconsin's SWAP plan, which included a request for an 18-month extension giving a completion deadline of May 6, 2003. Due to unforeseen delays in completing assessments and changes in assessment delivery policy, this deadline was not attainable. The DNR worked with EPA to revise its timeline for completion of assessments. The current timeline gives Wisconsin until December 2004 to complete the SWAP.

A total of \$263,040 of SWAP funds was unspent as of April 25, 2003, the end date for SWAP funding. These funds were transferred to the Wellhead Protection (WHP) set-aside account and used to continue SWAP and WHP efforts. WHP set-aside awards from 2003 and 2004 have also been added to this account and have been used to help complete source water assessments. SWAP and WHP goals are the same and the same staff are doing both SWAP and WHP work. In this report we request further funds for continuing both SWAP and WHP work. This request is made under the WHP section of this IUP.

B. Program Progress in SFY 2004

SWAP activities in SFY 2004 included the following:

- Surface water system assessments for all 19 surface water systems were completed, delivered to the systems, and posted on the Internet.
- Regional hydrologic flow modeling projects to delineate capture zones for municipal wells in La Crosse and the seven South East Wisconsin Regional Planning Commission (SEWRPC) counties were completed. Potential contaminant source locations continued to be collected and maintained. Over 95% of all sources have been located.

- The SWAP/Vulnerability Assessment mapping application was further evolved, and continues to be in use by SWAP staff.
- An automated application used to complete SWAP susceptibility determinations was further enhanced, and is still in use.
- Progress continued in resolving discrepancies between DNR databases such as non-unique or duplicate well numbers, well depth discrepancies, FID number discrepancies, and entering missing wells.
- SWAP staff continued to use the index of over 350,000 scanned well construction reports to search for and find images of well construction reports for public wells and enter that data into our Drinking Water System database.
- A well database redesign project was started.
- As of April 2004 almost all assessments for municipal groundwater systems were completed.
- Assessment information was provided to our source water protection partners.

C. Program Plans for SFY 2005

In SFY 2005 Wisconsin will complete its source water assessments and continue promoting source water protection. Wisconsin will also continue to work cooperatively with other Region 5 states and EPA to develop common approaches to shared concerns such as SWAP/WHP/SWP (source water protection) reporting. See the Wellhead Protection section for a more detailed description of SWAP activities proposed for SFY 2005.

2) Wellhead Protection

A. Background on Funding and Timeline

The DNR originally requested \$120,000 in WHP set-aside funds; 50% for information and education activities and 50% for data integration. In a May 2001 letter to EPA, the DNR reported that it planned to use all \$120,000 for information and education activities.

B. Program Progress in SFY 2004

During SFY 2004, the DNR's Groundwater Section worked with the Center for Watershed Science and Education (formerly the Central Wisconsin Groundwater Center) at Stevens Point and the Wisconsin Geological and Natural History Survey (WGNHS) to sponsor three additional workshops to provide training to teachers on use of the groundwater sand tank model (9 workshops were held previously). The Section will spend approximately \$13,700 of set-aside money on 24 groundwater models (which were given to teachers), substitute teachers, equipment used in the workshops and related expenses. In addition to the workshops, costs for video duplication and 2 newsletters will use up the remainder of the original \$120,000 WHP set-aside money.

The DNR requested and received \$327,968 in WHP set-aside funds for SFY 2003 for SWAP and WHP activities. Of that amount, \$277,968 was to be used to fund positions in each DNR Region to finish the assessment work and continue WHP activities. The remaining \$50,000 was to be used to begin evolving the SWAP mapping and susceptibility tools into WHP mapping and database applications. These tools will provide needed information for implementation of WHP/SWP. These were supported with funds remaining in the SWAP account so the \$327,968 was carried over to support SFY 2004 SWAP and WHP activities.

The DNR requested and received \$319,719 in wellhead protection set-aside funds for SFY 2004 for the following SWAP and WHP activities:

- SWAP/WHP Data Coordinator position;
- Contracts for groundwater resource characterization-hydrogeologic model maintenance and water table mapping;
- Contracts for Groundwater Guardian position at Central Wisconsin Groundwater Center;
- Contracts for SWAP/WHP/SWP mapping and data applications;
- Contracts for well database redesign.

It is projected that there will be approximately \$190,000 available from previously requested funds for SWAP and WHP work in SFY 2005.

C. Program Plans for SFY 2005

The following SWAP and WHP activities are planned for SFY 2005:

- The WDNR will work with the Center for Watershed Science and Education and WGNHS to sponsor three additional workshops to provide training to teachers on use of the groundwater sand tank model. The cost for the workshops, 2 newsletters, and WHP video copying will total \$15,000.
- Assessments for all municipal systems will be completed and hand-delivered to system operators. Meetings with systems operators will be used to explain the assessment and the sensitive nature of the well location information, and promote wellhead protection planning based on the results of the assessments.
- Assessments for other-than-municipal (OTM) community and noncommunity systems will be completed by December 30, 2004 and made available to the systems upon request.
- Brief summaries of all the above assessments and complete assessments for surface water systems will be made available on the Internet.
- Groundwater resource characterization will continue by updating and maintaining current hydrogeologic models and supporting water table mapping efforts in areas where most cost-effective.
- A Statewide Groundwater Guardian Coordinator position will be supported at the Center for Watershed Science and Education at UW Stevens Point.
- Programming efforts will continue to maintain and enhance the automated WHP/SWP/vulnerability assessment and mapping tools for use by DNR staff.
- The well database redesign project will be completed. It will improve the connectivity and usefulness of several well databases that are needed for comprehensive wellhead protection.

The total cost of the above activities will be approximately \$620,000 as itemized below. Some of the activities can be supported by the approximately \$190,000 of unspent SWAP/WHP funds carried over from SFY 2004.

Please note that budget calculations for the SFY 2005 WHP set-aside request include maintaining a Data Services Professional position through December 2006.

Items to be funded during SFY 2005 under the WHP set-aside are:

| Item | Salary | Fringe | Supplies/ Services | Indirect (22.9%) | Total |
|---|-----------|----------|-----------------------|---------------------|-----------|
| 5 Water Supply Specialists | \$153,585 | \$62,970 | \$25,000 | \$49,591 | \$291,146 |
| IS Data Services Professional (1.5 years) | \$54,128 | \$22,193 | \$7,500 | \$17,477 | \$101,298 |
| Contracts for groundwater resource characterization (including data collection, model maintenance, and water table mapping) | | | | | \$130,000 |
| Contracts for Groundwater Guardian position at Center for Watershed Science and Education | | | | | \$30,000 |
| Contracts for WHP/SWP mapping and data applications | | | | | \$53,200 |
| Contract(s) for teacher workshops | | | | | \$15,000 |
| Total | | | | | \$620,644 |

Approximately \$190,000 of these expenses will be covered by funds remaining in the WHP set-aside. Therefore, the DNR is requesting an additional \$430,000 to fund the above activities to complete source water assessments and to work with communities on WHP planning and implementation.

3) Technical Assistance

A. Background

Up to 2% of the Capitalization grant every year can be used for technical assistance to small communities. From the beginning of the program through SFY 2004 Wisconsin has requested \$1,757,718 in set-aside funds for this purpose.

B. Current Technical Assistance Contracts

During SFY 2004 two projects were continued and ended using the 2% technical assistance set-aside. Two new projects were started.

- One-On-One Assistance To Other-Than-Municipal Systems
One-On-One Assistance To Non-Transient Non-Community Systems

The One-On-One Assistance contract ended June 30, 2003 and was rebid. The Wisconsin Rural Water Association (WRWA) was awarded the contract; however, the bidding process was appealed by another bidder. The WRWA was given a two-month extension to cover their interim costs and the current contract started September 1, 2003 and runs through August 31, 2004. The WRWA is making one-on-one visits with OTM and NTNC (non-transient non-community) water systems to discuss drinking water issues vital to each system. For the current contract the topics being covered are monitoring, follow-up monitoring, source water waiver reviews, new SDWA regulations (arsenic, disinfection byproducts, and public notification), vulnerability assessments, operator certification, operation & maintenance, and sanitary surveys.

- Coalitions of Small Systems

The Coalitions contract was extended through December 31, 2003. This contract was also rebid and the WRWA was awarded the Coalitions contract. The current Coalitions contract runs from March 1, 2004 through February 28, 2005. The Coalitions are no longer called CLEAR groups. This name was unique to the Wisconsin Water Association. Now that the WRWA is doing the Coalitions contract, this contract is now called Coalitions of Small Systems. The WRWA will conduct meetings for the 22 established municipal coalition groups. Each coalition will have at least 4 meetings during 2004-2005. The intent of the coalition groups is to establish forums where operators may discuss issues in an informal setting, network with other communities and systems in the same area, share ideas and possibly equipment, and receive information on the new EPA regulations and discuss their implications.

The scope of this contract also includes conducting meetings for the six established OTM/NTNC coalitions and to create four more OTM/NTNC groups. Each of these coalitions will have at least two meetings during 2004-2005.

- Online Training For Small Systems

Preliminary ideas are being looked at for designing online training for small systems. This training would be available via the Bureau of Drinking Water and Groundwater web site. Due to the workload and shortage of manpower in the bureau, this portion of the technical assistance plan was not worked on during SFY 2004 but may be looked at during SFY 2005.

The One-On-One Assistance contract and the Coalitions contract both have clauses for two one-year renewals. It is planned however, to reevaluate the technical assistance contracts and the whole technical assistance program at the end of the first year. We are requesting \$328,856 for SFY 2005.

4) Capacity Development

Since September 1, 1999, the DNR has been creating and implementing an effective capacity development program to ensure that new and existing public water systems demonstrate technical, managerial, and financial capacity. New community water systems and NTNC water systems have undergone capacity evaluations. Existing systems have received guidance prepared to help them reach and maintain capacity. The DNR's sanitary survey process is currently being revised to include capacity evaluations for existing systems. A Capacity Development Status Report was sent to the EPA on October 31, 2002, and a status report was sent to the Wisconsin governor on September 30, 2002. This year, a report will be sent to the EPA by October 31, 2004.

Wisconsin Administrative Code Chapter NR 809 Subchapter IX requires "capacity evaluations" for all new community and NTNC water systems prior to construction. As of April 12, 2004, fifty-three systems have undergone capacity evaluations. Seventeen of these systems were community systems and thirty-eight were NTNC water systems.

The Capacity Development Coordinator has created and updated guidance aimed at helping water systems reach and maintain capacity. This fact sheet, along with other Capacity Development guidance and information is posted on the DNR's web site. Updates to the Capacity Development program have been included in routine newsletters to DNR staff.

The Capacity Development Coordinator has played a lead role in the development of a revised sanitary survey process that would incorporate an existing system capacity evaluation. The DNR has modified the drinking water data system to include water system data and sanitary survey evaluations. As part of a revised sanitary survey process, these data and evaluations will aid the DNR in targeting systems for assistance, identifying statewide issues, making policy decisions, and reporting to other agencies. Additionally, enhancements to the sanitary survey are being made to ensure that the DNR addresses the requirements of the proposed Groundwater Rule. Guidance has been created that will help DNR staff carry out the revised sanitary survey. Several inspectors have conducted surveys using the new process on a pilot basis. One-on-one training focusing on the details of the new process is ongoing. Updates and ongoing coordination of the new sanitary survey process will be conducted by the Capacity Development Coordinator. Proposed comprehensive training of DNR staff will aim to standardize the sanitary survey process.

A Capacity Development Annual Status Report to EPA will be completed by October 31, 2004.

Since the beginning of the program, \$400,000 has been requested from past capitalization grants for Capacity Development. No additional funds for Capacity Development are being requested at this time.

5) Operator Certification

Over the 2 years since the operator certification program offered its first classes in March 2002, the number of OTM and NTNC public water systems in Wisconsin without a certified operator has dropped from 1420 to 380. All OTM and NTNC systems must have a certified operator by March 2005. In all, 965 operators have taken the exam with only 5 failing. The high pass rate is a result of a combination of a number of things, including the fact that the course content offered just prior to the exam is well-focused and instruction is top-notch. Most operators have also had multiple years of experience operating a small water system prior to taking the examination. The 380 systems currently without certified operators are sending operators to exams over the next year or will be hiring a contract certified operator closer to the deadline. Any systems failing to have certified operators by April 2005 will receive enforcement.

Small water system operator certification exams continue to be contracted through the WWA (Wisconsin Water Association) with the contract lasting through January 2005. Seven exams were scheduled through May 7 of this year, with one cancellation due to low attendance. Another round of eight exams is currently scheduled for June through October 2004. A few exams will also likely be scheduled from November 2004 through January 2005. An extension may be granted to WWA to schedule exams for February and March of 2005. Exam results are analyzed by the University of Wisconsin to determine if any test questions appear to be statistically invalid. At this point in the process, no particular problems have been identified either from classroom participant's comments or from evaluation of test results.

The small systems DNR website has been and will continue to be updated and improved. This includes, but is not limited to, providing a list of current continuing education credit opportunities, providing a list of contract operator services, and updating the online operator certification training. The operator certification class and exam will also be updated to include coverage of rule changes. The process of developing exams for treatment subclasses has begun, with identification of affected systems already completed. It is expected that subclass exams for small system operators will be developed and implemented during the 2005 calendar year.

A standard operational procedures manual is under development to aid small system operators with routine operations. Small system operators will receive this manual upon becoming certified. Those already certified will be sent the manual once it is completed. It will include multiple DNR and EPA publications along with many handouts ranging from new regulation fact sheets to worksheets used for logging bacti results. A focus group has been formed to help in its production and for important feedback of its contents. The focus group will consist of DNR central office and regional employees as well as contract and resident small system operators.

A newsletter unofficially titled "The Certified Operator" is early in the development stages. This newsletter will be sent to the operators themselves and will be geared towards operator certification and other important operator certification topics. First issue release is expected in summer 2004, with 3 to 4 releases per year thereafter. Letters are continually sent out by mail to systems without certified operators to encourage operators to attend an operator certification class and exam. These letters have also been used to inform systems of important topics related to operator certification and to inform systems to identify certified operators not currently in our inventory. Letters will also be sent out to systems that already have certified operators to expose them to issues of interest like that of continuing education credits. Both letter types will be delivered as needed over the next year. Articles regarding the latest operator certification issues will continue to be written in the WRWA Journal, WRWA Small Systems Newsletter, and WWA Journal, which are published 3 to 4 times per year.

The Expense Reimbursement Grant will cover all costs associated with the operator certification program.

Since the beginning of the program, \$500,000 has been requested from past capitalization grants for Operator Certification. No additional funds for Operator Certification are being requested at this time.

6) State Program Management

As a result of implementation of additional SDWA requirements (such as the Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides), additional staff is necessary to meet basic program needs for new SDWA initiatives as well as existing program requirement changes (such as sanitary surveys being required every 3 years instead of every 5 years for some system types). Six positions are currently assigned to these tasks. The activities will be similar to existing staff positions for Water Supply Specialists and Engineers.

The 10% set-aside for state program management will be utilized for this purpose. The full \$1,644,280 is being requested. This set-aside contains a dollar for dollar state match requirement. This state match is being met through state overmatch funds from the Public Water System Supervision (PWSS) grant.

- Engineering position (1)(Currently staffed): Responsible for performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consultation with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities. The position will correspond with municipal officials, consulting engineers, waterworks operators, state and local health officials, the media, politicians, and others regarding these systems. The time break down of activities is as follows:

| | |
|-----|--|
| 65% | Engineering surveillance of municipal, OTM, and NTNC water systems. |
| 15% | Provision of technical assistance to municipal, OTM, and NTNC water systems. |
| 10% | Enforcement activities for municipal, OTM, and NTNC water systems. |
| 10% | Provision of training and information to public water system owners/operators, DNR staff and other agencies. |
- Water supply/program specialist positions (4) (Currently staffed): Responsible for implementing the SDWA program for community, OTM, NTNC, and TNC (transient non-community) systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers. The time breakdown of activities is as follows:

| | |
|-----|--|
| 65% | Surveillance of OTM, NTNC, and TNC water systems. |
| 10% | Enforcement activities for OTM, NTNC, and TNC water systems. |
| 15% | Provision of technical assistance to systems owners/operators. |
| 10% | Provision of training and information to public water system owners/operators, DNR staff and other agencies. |

- SDWA coordination and evaluation position (1) (Currently staffed): Responsible for: (1) coordinating implementation activities necessary to insure statewide consistency of the Safe Drinking Water (SDW) program, and (2) acting as the statewide coordinator for enforcement of the SDW program. Activities include: electronically monitor and analyze statewide SDW program reports, develop and implement procedures to measure program implementation consistency statewide, devise procedures and policies to enhance consistency and provide training to field and central office staff, and monitor and coordinate SDW enforcement procedures statewide. The time breakdown of activities is as follows:

| | |
|-----|---|
| 30% | Measure consistency of SDW program implementation statewide. Develop policies, procedures, and training to optimize program consistency. |
| 30% | Monitor statewide enforcement of the SDW program. Develop and implement policies and procedures to standardize enforcement procedures, program staff and the regulated community. |
| 25% | Data management and coordination for SDW program. |
| 10% | Develop and deliver training and information to DNR Drinking Water and Groundwater Program staff, the regulated community and the public regarding new regulations, policies and procedures, and general program operation. |
| 5% | Drinking water code review and revisions to drinking water act code. |

The approximate staff budget for the six additional positions is \$531,612 per year. The funds will be utilized over two years following expenditures of the 2003 set-aside funds. All of the positions have been filled.

- Review of plans and specifications for water main extensions (1 LTE) (Currently staffed): Due to budget shortfalls, the DNR's student intern program will be eliminated. In order to accommodate the workload, a limited term employee has been hired in replacement of the intern position. Total cost per year is \$23,469. 100% of the activities are related to the review of plans and specifications for water main extensions.
- Contractual program management activities: In addition to the realignment of positions, other budgetary shifts will be necessary to continue core program activities. These include funding of additional county inspection contracts for the inspection of non-community water systems, funding the record storage for plan approval decisions, data entry, data system programming, and funding of a student intern to complete reviews of non-complex water facilities including water mains. The annual costs for these activities are anticipated to be:

| | |
|-----------------------------|-----------|
| County inspection contracts | \$185,000 |
| Record storage | \$17,000 |
| Data system programming | \$65,059 |

The total cost for all activities funded under this set-aside will be \$1,644,280. These funds will be expended across the biennium following expenditure of the 2003 set-aside. The dollar figures are based on current expenditures adjusted for inflation at 2% per year.

IX. DISADVANTAGED COMMUNITIES

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This rate is 33% of the State's market rate. Local governmental units that do not meet the two criteria receive loans at 55% of the State's market rate. The two eligibility criteria are:

- 1) the local governmental unit's population must be less than 10,000; and
- 2) the local governmental unit's median household income (MHI) must be 80% or less of the State's MHI.

Although Federal regulations allow for up to 30% of the Capitalization Grant to be used for loan subsidies, Wisconsin will not be making loan subsidies below a further reduced interest rate in order to preserve as much of the loan monies as possible to meet the high demand for assistance. As Wisconsin's disadvantaged communities program is not offering principal subsidies, there is no limit on how many communities may qualify.

X. PUBLIC PARTICIPATION PROCESS

Public participation in the set-aside activities is as described in Section VIII above. This IUP is being distributed to the public in the publication *Loan Interests*, #135, in May 2004. The IUP is also accessible through the Bureau of Community Financial Assistance web page at www.dnr.state.wi.us/org/caer/cfa/cfindex.html. A public hearing covering the SDWLP funding list and funding policies, as well as other items, will be held on June 30, 2004 in the GEF 2 building, 101 South Webster Street, in Madison.

State Fiscal Year 2005 SDWLP Applications Received by April 30, 2004 Deadline

| Municipality | Proj. # | County | Requested Costs | Pop. | Project Description |
|--|---------|-----------|---------------------|--------|--|
| Algoma Sanitary District #1, Town of | 5118-02 | Winnebago | \$2,420,003 | 6,000 | New municipal water system (Phase II - Well #2, treatment facility & watermain). |
| Arena, Village of | 4757-03 | Iowa | \$433,530 | 737 | Replace undersized water tower, rehab water supply pump equipment. |
| Country Estates Sanitary District | 4983-02 | Walworth | \$1,339,320 | 512 | New wells #5 & 6, to correct for bacteria & radium in well 4. Also iron & radium removal treatment plant. |
| Fall River, Village of | 4804-02 | Columbia | \$848,320 | 1,183 | Replace undersized watermain. |
| Gillett, City of | 5195-01 | Oconto | \$1,497,950 | 1,264 | New well #4, pumphouse, backup generator, secure chlorine access, new distribution main, & SCADA system. |
| Greenville Sanitary District #1, Town of | 5117-02 | Outagamie | \$1,931,285 | 4,500 | New well #4, including pump, wellhouse, radium removal, booster pumps, & piping. |
| Janesville, City of | 5119-01 | Rock | \$2,700,000 | 61,110 | Pump station #14, 300k storage tank, 3 mgd well, 9 mgd booster station to blend high nitrate well. |
| Neenah Water Utility, City of | 4856-02 | Winnebago | \$24,817,555 | 25,058 | New water treatment plant to address turbidity standards & microorganisms in finished water. |
| North Freedom, Village of | 4864-02 | Sauk | \$733,688 | 645 | New well, wellhouse, pumps, electrical & distribution modifications. |
| Pewaukee, Village of | 5204-02 | Waukesha | \$230,000 | 8,635 | Well #2 upgrade for radium contamination. |
| Pewaukee, Village of | 5204-03 | Waukesha | \$230,000 | 8,635 | Well #5 upgrade for radium contamination. |
| Portage, City of | 5210-02 | Columbia | \$708,781 | 9,905 | New treatment facility & emergency generator at Well #6, provide potable water for wells #3, 6 & 9, & watermain. |
| Portage, City of | 5210-01 | Columbia | \$288,641 | 9,905 | New well #9 & watermain, abandon Well #7. |
| Racine, City of | 4887-03 | Racine | \$20,482,692 | 81,111 | Construct a hybrid membrane-adsorption treatment system. |
| Suring, Village of | 5213-01 | Oconto | \$625,000 | 606 | New treatment system at Well #2 to reduce arsenic, emergency generator, pump house building. |
| Thorp, City of | 4922-02 | Clark | \$1,157,890 | 1,565 | New wells #13 & 14 (due to bacteria & radionuclides), new storage tank, booster pump station, & upgrade treatment processes. |
| Tomah, City of | 4921-07 | Monroe | \$1,234,781 | 8,532 | New well #12, including pump house, water main & sanitary sewer connections. |
| Two Rivers, City of | 4920-03 | Manitowoc | \$629,367 | 12,573 | Replace undersized watermain. |
| Union Grove, Village of | 5165-01 | Racine | \$892,750 | 4,451 | Well #4 radium reduction by zeolite softening. |
| Union Grove, Village of | 5165-02 | Racine | \$919,750 | 4,451 | Well #5 radium reduction by zeolite softening. |
| Union Grove, Village of | 5165-03 | Racine | \$893,750 | 4,451 | Well #3 radium reduction by zeolite softening. |
| Total SDWLP \$ Requested | | | \$65,015,053 | | |